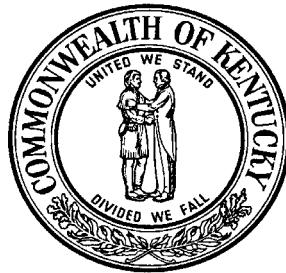


**REPORT OF THE AUDIT OF THE  
BRACKEN COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2003**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

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FRANKFORT, KY 40601-5404  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE BRACKEN COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2003**

The Auditor of Public Accounts has completed the Bracken County Fiscal Court audit for fiscal year ended June 30, 2003. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

#### **Financial Condition:**

Fund balances increased by \$38,624 from the beginning of the year, resulting in a cash surplus of \$1,103,607 as of June 30, 2003.

#### **Debt Obligations:**

Capital lease principal agreements from the General Fund for 911 equipment totaled \$27,567 as of June 30, 2003. Future principal, interest, and fee payments of \$28,353 are needed to meet these obligations.

Capital lease principal agreements from the General and Road Fund for courthouse renovations and a wheel loader totaled \$662,000 as of June 30, 2003. Future principal, interest, and fee payments of \$898,879 are needed to meet these obligations.

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities or bonds.



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CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Lovell Dwayne Jett, Former Bracken County Judge/Executive  
Honorable Leslie L. Newman, Bracken County Judge/Executive  
Members of the Bracken County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Bracken County, Kentucky, as of June 30, 2003, and the statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Bracken County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Bracken County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity of Bracken County, Kentucky, as of June 30, 2003, and the revenues received and expenditures paid for the year then ended in conformity with the modified cash basis of accounting.



To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Lovell Dwayne Jett, Former Bracken County Judge/Executive  
Honorable Leslie L. Newman, Bracken County Judge/Executive  
Members of the Bracken County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2004, on our consideration of Bracken County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Bracken County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
June 22, 2004



BRACKEN COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2003

**Fiscal Court Members:**

Leslie L. Newman	County Judge/Executive
Lovell Dwayne Jett	Former County Judge/Executive
Matthew Clark Hennessey, Jr.	Magistrate
Wilma J. Jones	Magistrate
Dennis Jefferson	Magistrate
Perry L. Poe	Magistrate
Neil Brumley	Magistrate
David B. Kelsch	Magistrate
Timmy R. Figgins	Magistrate
Scotty L. Lippert	Magistrate

**Other Elected Officials:**

Edward Rudd	County Attorney
Gary Riggs	Jailer
Rae Jean Poe	County Clerk
Catherine Riggs	Circuit Court Clerk
Mike Nelson	Sheriff
Steve Thornsbury	Property Valuation Administrator
John G. Parker	Coroner

**Appointed Personnel:**

Judith Brothers	County Treasurer
Tina Cummins	Finance Officer

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STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS

BRACKEN COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS

For The Fiscal Year Ended June 30, 2003

	<u>Governmental Fund Type</u>		<u>Totals</u> (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<u>Assets and Other Resources</u>			
<u>Assets</u>			
Cash and Cash Equivalents	\$ 453,640	\$ 649,967	\$ 1,103,607
Total Assets	<u>\$ 453,640</u>	<u>\$ 649,967</u>	<u>\$ 1,103,607</u>
<u>Other Resources</u>			
Amounts to be Provided in Future Years for:			
Capital Lease -			
911 Equipment	\$ 27,567	\$	\$ 27,567
Courthouse Renovation	579,695		579,695
Wheel Loader		82,305	82,305
Total Other Resources	<u>\$ 607,262</u>	<u>\$ 82,305</u>	<u>\$ 689,567</u>
Total Assets and Other Resources	<u>\$ 1,060,902</u>	<u>\$ 732,272</u>	<u>\$ 1,793,174</u>

The accompanying notes are an integral part of the financial statements.

BRACKEN COUNTY  
 STATEMENT OF ASSETS, LIABILITIES,  
 AND EQUITY ARISING FROM CASH TRANSACTIONS  
 For The Fiscal Year Ended June 30, 2003  
 (Continued)

	<u>Governmental Fund Types</u>		<u>Totals</u> (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<u>Liabilities and Equity</u>			
<u>Liabilities</u>			
Capital Lease -			
911 Equipment	\$ 27,567	\$	\$ 27,567
Courthouse Renovation	579,695		579,695
Wheel Loader		82,305	82,305
Total Liabilities	<u>\$ 607,262</u>	<u>\$ 82,305</u>	<u>\$ 689,567</u>
<u>Equity</u>			
Fund Balances:			
Reserved	\$ 210,399	\$	\$ 210,399
Unreserved	243,241	649,967	893,208
Total Equity	<u>\$ 453,640</u>	<u>\$ 649,967</u>	<u>\$ 1,103,607</u>
Total Liabilities and Equity	<u>\$ 1,060,902</u>	<u>\$ 732,272</u>	<u>\$ 1,793,174</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

BRACKEN COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES  
For The Fiscal Year Ended June 30, 2003

	General Fund Type	Special Revenue Fund Type		
	General Fund	Road and Bridge Fund	Jail Fund	Local Government Economic Assistance Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 996,619	\$ 849,603	\$ 51,721	\$ 29,507
Other Financing Sources:				
Transfers In	679		95,000	
Kentucky Advance Revenue Program	264,600			
Total Cash Receipts	<u>\$ 1,261,898</u>	<u>\$ 849,603</u>	<u>\$ 146,721</u>	<u>\$ 29,507</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 917,192	\$ 628,807	\$ 147,010	\$
Other Financing Uses:				
Transfers Out	95,000			
Capital Lease:				
Principal Paid	41,468	6,667		
Kentucky Advance Revenue Program Repaid	264,600			
Total Cash Disbursements	<u>\$ 1,318,260</u>	<u>\$ 635,474</u>	<u>\$ 147,010</u>	<u>\$ 0</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (56,362)	\$ 214,129	\$ (289)	\$ 29,507
Cash Balance - July 1, 2002	<u>510,002</u>	<u>319,275</u>	<u>1,185</u>	<u>18,001</u>
Cash Balance - June 30, 2003	<u>\$ 453,640</u>	<u>\$ 533,404</u>	<u>\$ 896</u>	<u>\$ 47,508</u>

The accompanying notes are an integral part of the financial statements.



BRACKEN COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES  
For The Fiscal Year Ended June 30, 2003  
(Continued)

<u>Special Revenue Fund Type</u>			
<u>State Grants</u>	<u>Senior Citizens</u>	<u>Special Fund</u>	<u>Totals</u>
<u>Fund</u>	<u>Fund</u>		<u>(Memorandum</u>
			<u>Only)</u>
\$	\$ 4,234	\$ 5,479	\$ 1,937,163
			95,679
			264,600
\$ 0	\$ 4,234	\$ 5,479	\$ 2,297,442
\$ 152,941	\$ 4,454	\$	\$ 1,850,404
		679	95,679
			48,135
			264,600
\$ 152,941	\$ 4,454	\$ 679	\$ 2,258,818
\$ (152,941)	\$ (220)	\$ 4,800	\$ 38,624
152,941	18,432	45,147	1,064,983
\$ 0	\$ 18,212	\$ 49,947	\$ 1,103,607

The accompanying notes are an integral part of the financial statements.

BRACKEN COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2003

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Bracken County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

Additional - Bracken County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Bracken County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Bracken County Fiscal Court's fund types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Bracken County General Fund Type includes the following county funds: General Fund.

BRACKEN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Bracken County Special Revenue Fund Type includes the following county funds: Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, State Grants Fund, Senior Citizens Fund, and the Special Fund.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Long-term receivables, long-term obligations and amounts to be provided in future years to retire debt are recorded in the financial statements. The amount to be provided in future years to retire debt is offset by any cash or cash equivalents held by the county in a bond or debt service fund.

The State Local Finance Officer does not require the county to maintain a general fixed assets group of accounts; therefore the value of the county's fixed assets is not included in the financial statements. These fixed assets include buildings, equipment and land that are owned by the county.

D. Legal Compliance - Budget

The Bracken County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

BRACKEN COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2003  
 (Continued)

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2003, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Capital Lease Agreements

On May 21, 1999, the Bracken County Fiscal Court entered into a five-year, \$126,971 lease agreement with the Kentucky Association of Counties Leasing Trust to purchase 911 equipment. The lease agreement calls for monthly principal and interest payments. The remaining principal balance of this lease as of June 30, 2003 was \$27,567.

Liabilities of the General Fund are:

Description	Fiscal Year Ended June 30	Scheduled Interest	Scheduled Principal	Scheduled Fees
911 Equipment	2004	\$ 631	\$ 27,567	\$ 155

BRACKEN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 4. Capital Lease Agreements (Continued)

On August 21, 2002, the Bracken County Fiscal Court entered into a fifteen-year, \$696,000 lease agreement with the Kentucky Association of Counties Leasing Trust to build an addition on to the courthouse and to purchase a wheel loader. The lease agreement calls for an annual principal payment due each January 20. Interest payments are to be made monthly. The remaining principal balance of this lease as of June 30, 2003 was \$662,000.

Liabilities of the General Fund and the Road Fund are:

Description	Fiscal Year Ended June 30	Scheduled Interest	Scheduled Principal	Scheduled Fees
Courthouse Renovation & Wheel Loader	2004	\$ 24,731	\$ 35,000	\$ 5,081
	2005	23,363	37,000	4,800
	2006	21,933	38,000	4,506
	2007	20,450	40,000	4,201
	2008	18,890	42,000	3,881
	2009 - 2013	68,378	240,000	14,048
	2014 - 2017	18,763	230,000	3,854
Totals		<u>\$ 196,508</u>	<u>\$ 662,000</u>	<u>\$ 40,371</u>

The General Fund supports the capital lease for courthouse renovations. The principal balance as of June 30, 2003 totaled \$579,695.

The Road Fund supports the capital lease for the wheel loader. The principal balance as of June 30, 2003 totaled \$82,305.

Note 5. Operating Lease

The Bracken County Fiscal Court is committed to a lease agreement with Modern Office Methods for a copier in the County Judge/Executive's office. The county entered into the agreement on March 9, 2000. The terms of the agreement require 42 monthly payments of \$223. The balance was \$445 as of June 30, 2003.

Note 6. Insurance

For the fiscal year ended June 30, 2003, Bracken County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE





BRACKEN COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 787,219	\$ 996,619	\$ 209,400
<u>Special Revenue Fund Type</u>			
Road and Bridge Fund	642,326	849,603	207,277
Jail Fund	32,522	51,721	19,199
Local Government Economic Assistance Fund	26,993	29,507	2,514
State Grants Fund	1,216,000		(1,216,000)
CDBG Fund	50,000		(50,000)
Senior Fund	3,850	4,234	384
Special Fund	5,000	5,479	479
Totals	<u>\$ 2,763,910</u>	<u>\$ 1,937,163</u>	<u>\$ (826,747)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above		\$ 2,763,910	
Add: Budgeted Prior Year Surplus		1,107,622	
Less: Other Financing Uses		<u>(60,250)</u>	
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures		<u>\$ 3,811,282</u>	

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SCHEDULE OF OPERATING REVENUE



BRACKEN COUNTY  
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

GOVERNMENTAL FUND TYPES

<u>Revenue Categories</u>	<u>General Fund Type</u>	<u>Special Revenue Fund Type</u>	<u>Totals (Memorandum Only)</u>
Taxes	\$ 777,616	\$	\$ 777,616
In Lieu Tax Payments	128		128
Excess Fees	22,324		22,324
Licenses and Permits	2,118		2,118
Intergovernmental Revenues	143,031	879,056	1,022,087
Charges for Services	9,836	14,452	24,288
Miscellaneous Revenues	34,892	39,260	74,152
Interest Earned	6,674	7,776	14,450
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Total Operating Revenue	<u>\$ 996,619</u>	<u>\$ 940,544</u>	<u>\$ 1,937,163</u>

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

BRACKEN COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2003

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 535,666	\$ 462,833	\$ 72,833
Protection to Persons and Property	234,484	201,613	32,871
General Health and Sanitation	51,855	24,977	26,878
Social Services	1,000		1,000
Recreation and Culture	16,400	12,373	4,027
Bus Services	16,007	11,281	4,726
Administration	260,663	204,115	56,548
Total Operating Budget - General Fund Type	\$ 1,116,075	\$ 917,192	\$ 198,883
Other Financing Uses:			
Capital Lease Agreement-			
Principal on Lease			
Courthouse Renovation	26,759	15,033	11,726
911 Equipment	26,459	26,435	24
TOTAL BUDGET - GENERAL FUND TYPE	<u>\$ 1,169,293</u>	<u>\$ 958,660</u>	<u>\$ 210,633</u>



BRACKEN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 For The Fiscal Year Ended June 30, 2003  
 (Continued)

Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 248,131	\$ 157,395	\$ 90,736
Protection to Persons and Property	161,414	143,777	17,637
General Health and Sanitation	1,231,000		1,231,000
Roads	732,679	548,892	183,787
Capital Projects	7,000	5,542	1,458
Administration	314,983	77,606	237,377
Total Operating Budget - Special Revenue Fund Type	\$ 2,695,207	\$ 933,212	\$ 1,761,995
Other Financing Uses:			
Capital Lease Agreement-			
Principal on Lease			
Wheel Loader	7,032	6,667	365
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	<u>\$ 2,702,239</u>	<u>\$ 939,879</u>	<u>\$ 1,762,360</u>
TOTAL OPERATING BUDGET - ALL FUND TYPES	<u>\$ 3,811,282</u>	<u>\$ 1,850,404</u>	<u>\$ 1,960,878</u>
TOTAL BUDGET - ALL FUND TYPES	<u>\$ 3,871,532</u>	<u>\$ 1,898,539</u>	<u>\$ 1,972,993</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Lovell Dwayne Jett, Former Bracken County Judge/Executive  
The Honorable Leslie L. Newman, Bracken County Judge/Executive  
Members of the Bracken County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Bracken County, Kentucky, as of and for the year ended June 30, 2003, and have issued our report thereon dated June 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bracken County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bracken County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
June 22, 2004

CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

BRACKEN COUNTY FISCAL COURT

For The Fiscal Year Ended  
June 30, 2003

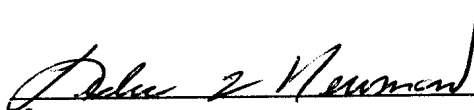





CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAMS  
BRACKEN COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2003

The Bracken County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
\_\_\_\_\_

Name  
County Judge/Executive

  
\_\_\_\_\_

Name  
County Treasurer



